

## Message Text

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21

ACTION L-03

INFO OCT-01 EA-07 ISO-00 PM-04 NSC-05 SP-02 SS-15 DODE-00

EB-07 NRC-05 NSAE-00 TRSE-00 ERDA-05 CIAE-00 COME-00

AID-05 MC-02 /061 W

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R 140700Z NOV 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1219

INFO AMCONSUL SURABAYA

AMCNSYL MEDAN

LIMITED OFFICIAL USE JAKARTA 13983

EO 11652: N/A

TAGS: BGEN PGOV ID

SUBJ: USE OF AGENTS; BRIBERY OF OFFICIALS BY

FOREIGN COMPANIES

REF: A. STATE 258169 B. STATE 255260

1. USE OF AGENTS BY GOI IN PURCHASES OF IMPORTED GOODS  
IS STANDARD PRACTICE IN INDONESIA.

2. REGULATIONS GOVERNING AGENTS ARE DESIGNED TO EXCLUDE  
FOREIGNERS FROM IMPORT TRADE SECTOR. ON NOVEMBER 4,  
GOI ISSUED NEW REGULATION RESTATING THIS POLICY AND  
ADOPTING GUIDELINES FOR PHASING OUT OF FOREIGNERS STILL  
OPERATING IN IMPORT SECTOR. NEW REGULATION IS MORE  
SPECIFIC THAN SIMILAR, PREVIOUS REGULATION ISSUED IN  
1970.

3. THESE REGULATIONS DO NOT STATE EXPLICITLY THAT  
GOVERNMENT MUST USE AGENTS. HOWEVER, DEPARTMENT OF  
TRADE OFFICIALS HAVE INFORMED EMBOFF THAT REGULATIONS  
MEAN THAT AGENTS SHALL BE USED IN EVERY IMPORT TRANSACTION,  
WHETHER BUYER IS GOVERNMENT OR PRIVATE PARTY, AND THAT  
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AGENT SHALL BE INDONESIA. MOREOVER, EVIDENCE SUGGESTS

THAT GOI DEPARTMENTS ARE ACCUSTOMED TO USING AGENTS AND WOULD NOT WISH TO DISPENSE WITH AGENTS AND IMPORT GOODS DIRECTLY WITHOUT USING AGENT.

4. AGENTS WHICH HANDLE SALES TO GOI ARE, IN SOME CASES, STATE OWNED IMPORT/EXPORT COMPANIES OFTEN CONTROLLED BY SAME GOVERNMENT AGENCIES PURCHASING IMPORTS, AND IN OTHER CASES, PRIVATE COMPANIES OR INDIVIDUALS. MULTIPLE AGENTS OFTEN INVOLVED.

5. AGENTS NORMALLY PERFORM USEFUL SERVICES IN RETURN FOR COMMISSIONS. BUT SOME AGENTS ARE INFLUENCE-PEDDLERS WITH INSIDE CONTACTS WHOSE FUNCTION IS TO ATTEMPT TO INFLUENCE SALES BY PAYMENTS OF KICKBACKS AND BRIBES TO PURCHASING OFFICIALS. LARGE COMMISSIONS WHICH CONCEAL KICKBACKS AND BRIBES ARE SOMETIMES PAID. IN PRACTICE, AGENTS' FEES ARE NEGOTIATED IN EACH CASE. EMBASSY HAS NOT BEEN ABLE TO IDENTIFY ANY CURRENT LAWS OR REGULATIONS GOVERNING FEES. NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BRIBERY, POLICIES, GOVERNMENT PERSONNEL, BUSINESS FIRMS, COMMERCIAL LAW  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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